

To the Members of the California State Assembly:

I am returning Assembly Bill 1383 without my signature.

Solar energy offers all Californians a great opportunity to increase our peak energy production with safe reliable renewable energy. This is why I developed the “Million Solar Roofs Initiative” which is an aggressive comprehensive solar plan that will result in the creation of 3,000 mega watts of clean energy by the year 2018. Recognizing the initial capital investment for solar can be an impediment for some Californians, my plan included several incentives for those individuals including an exemption from the surcharge for all customers that participate in the state and federal rate reduction programs and a mandate that at least 10 percent of the funds spent under that program go to affordable housing projects. This is in addition to existing law that provides an additional 25 percent increase in the amount of incentive for qualified low wealth applicants.

This bill creates the Low Income Housing Development Revolving Loan Program to help finance solar systems on affordable housing projects. As demonstrated by inclusion in my comprehensive plan, this is a concept I strongly support, however there are significant flaws with this bill. The funding sources identified as seed money for the program are the Emerging Renewable Resources Account (ERRA) at the California Energy Commission and the Self Generation Incentive Program (SGIP) at the California Public Utilities Commission. The ERRA has a zero balance and will not have any additional funding through December 31, 2008 and the SGIP program is limited to commercial and industrial projects. Additionally, the SGIP program is a reimbursement program for the Investor Owned Utilities; no funding is ever collected making it unclear how any seed money would be made available.

I encourage the Legislature to pass my “Million Solar Roof Initiative” which guarantees access to affordable solar energy for all Californians, including those with limited financial means.

Sincerely

Arnold Schwarzenegger